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May 6, 2008

TO: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy Watanabe*  
Acting Auditor-Controller

SUBJECT: **AVIVA FAMILY AND CHILDREN'S SERVICES – A COMMUNITY AND  
SENIOR SERVICES WORKFORCE INVESTMENT ACT PROGRAM  
PROVIDER**

We completed a program, fiscal and administrative contract review of Aviva Family and Children's Services (Aviva or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

CSS contracts with Aviva, a private non-profit organization to provide and operate the WIA Youth and Foster Youth Programs. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. The WIA Foster Youth Program is a comprehensive training and employment program for foster youths with special needs ages 14 to 18 years old. Aviva's office is located in the Third District.

Aviva is compensated on a cost reimbursement basis and has a contract for \$135,000 for Fiscal Year (FY) 2007-08.

**Purpose/Methodology**

The purpose of the review was to determine whether Aviva complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

### **Results of Review**

Aviva provided the required program services to eligible participants. However, Aviva did not implement six (67%) of the nine recommendations contained in the prior year's monitoring report including repaying CSS \$3,258. The current monitoring review also identified \$3,155 for unsupported and unallowable program expenditures. Specifically, Aviva billed CSS:

- \$1,455 in unallowable and unsupported program expenditures in FY 2006-07.
- Twice for the same expenditures. The amount overbilled totaled \$1,184.
- \$516 in unsupported and unallowable expenditures in FY 2007-08.

In addition, Aviva did not always comply with other WIA and County contract requirements. For example, Aviva did not:

- Complete the bank reconciliation within 30 days of the bank statement date.
- Consistently place stop payments on outstanding checks older than 90 days as required by the Agency's policy.

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with Aviva and CSS on April 2, 2008. In their attached response, Aviva concurred with our findings and recommendations and indicated they will reimburse CSS the amounts owed for FYs 2006-07 and 2007-08.

We thank Aviva for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
Andrew Diamond, President and CEO, Aviva Family and Children's Services  
Wendy Wolf, Chair, Aviva Family and Children's Services  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
AVIVA FAMILY AND CHILDREN'S SERVICES  
FISCAL YEAR 2007-08**

**ELIGIBILITY**

**Objective**

Determine whether Aviva Family and Children's Services (Aviva or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for ten (18%) of the 55 participants that received services between July 2007 and January 2008 for documentation to confirm their eligibility for WIA services.

**Results**

All ten participants met the eligibility requirements for the WIA program.

**Recommendation**

**There are no recommendations for this section.**

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for ten (18%) program participants that received services from July 2007 through January 2008. We also interviewed eight participants/guardians.

**Results**

The eight participants/guardians interviewed stated that the services they received met their expectations. In addition, Aviva provided the services in accordance with the County contract and WIA guidelines.

**Recommendation**

**There are no recommendations for this section.**

**PERFORMANCE OUTCOMES****Objective**

Determine whether the Agency met the planned performance measures as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB).

**Verification**

At the time of our review, the performance outcomes for Fiscal Year (FY) 2007-08 were not available. As such, we compared Aviva's actual FY 2006-07 performance outcomes to the planned performance measures outlined in the County contract and the program activities reported on the Job Training Automation (JTA) system. We also reviewed the documentation contained in the case files for ten (14%) of the 72 program participants reported as having exited and/or placed in employment during FY 2006-07.

**Results**

Generally, Aviva's FY 2006-07 actual performance outcomes were accurately reported to the WIB and the case files contained documentation to support the program activities reported on the JTA system. In addition, Aviva met the planned performance measures outlined in the County contract.

**Recommendation**

**There are no recommendations for this section.**

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's November 2007 bank reconciliation.

**Results**

Aviva's cash receipts and revenue was deposited timely in their bank account. However, Aviva did not consistently comply with their policies and County contract. Specifically:

- Aviva did not complete the bank reconciliation within 30 days of the bank statement date as required by the County contract.
- Aviva's bank reconciliation was not reviewed or signed by the preparer and reviewer as required by the County contract.
- Aviva did not always place stop payments on outstanding checks older than 90 days as required by the Agency's policy. Specifically, Aviva did not place a stop payment for 30 outstanding checks older than 90 days, ten of which were WIA related totaling \$400. A similar finding was also noted on the prior year's monitoring report.

**Recommendations****Aviva management:**

1. **Ensure that the bank reconciliations are completed within 30 days of the bank statement date.**
2. **Ensure that the bank reconciliations are reviewed and signed by the preparer and review.**
3. **Place stop payments on outstanding checks older than 90 days and return funds to the appropriate funding sources.**

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 18 non-personnel expenditure transactions billed by the Agency for July and November 2007, totaling \$3,200.

**Results**

Aviva billed CSS twice for repairs, maintenance and janitorial expenditures totaling \$1,184 for July through December 2007. Aviva also billed CSS \$126 for unsupported and unallowable prior year's program expenditures. Similar findings were also noted on the prior year's monitoring report.

In addition, Aviva inappropriately charged office supplies expenditures as supportive services and vice versa.

**Recommendations****Aviva management:**

4. **Repay CSS \$1,310 (\$1,184 + \$126).**
5. **Discontinue billing CSS twice for the same expenditures and ensure that adequate documentation is maintained to support the program expenditures.**
6. **Ensure that expenditures charged to the WIA program are for costs incurred during the contract period.**
7. **Ensure that expenditures are accurately charged to the correct budgeted cost category.**

**ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Generally, Aviva maintained sufficient internal controls over its business operations. However, Aviva's accounting manual did not include policies and procedures for auditing and reconciliations. For example, the policies and procedures did not include

procedures describing the reconciliation of the general ledger to the subsidiary ledgers or the closing of the Agency's books to prepare for an annual audit as required.

**Recommendation**

- 8. Aviva management ensure that the Agency's accounting manual is in compliance with regulatory guidelines and distributed to personnel.**

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether Aviva's fixed assets and equipment purchased with WIA funds are used for the WIA program and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment listing. In addition, we performed a physical inventory and reviewed the usage of the one item purchased with WIA funds, totaling \$1,729.

**Results**

Aviva used the item purchased with WIA funding for the WIA program and the item was safeguarded.

**Recommendation**

**There are no recommendations for this section.**

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

**Verification**

We traced the payroll expenditures for five employees totaling \$9,960 for November 2007 to the Agency's payroll records and time reports. We also interviewed one staff and reviewed the personnel files for the five employees assigned to the WIA program.

**Results**

Generally, Aviva appropriately charged payroll expenditures to the WIA program. However, Aviva billed CSS \$390 in unsupported and unallowable payroll expenditures in November 2007. Specifically, Aviva billed CSS for one non-WIA employee and the timecard for another employee did not support the payroll expenditures billed CSS.

**Recommendations****Aviva management:**

- 9. Repay CSS \$390.**
- 10. Bill CSS for actual WIA program related expenditures.**

**COST ALLOCATION PLAN****Objective**

Determine whether Aviva's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July and November 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

Aviva's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

**There are no recommendations for this section.**

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's FY 2006-07 final close-out invoice reconciled to the Agency's financial accounting records.



**Verification**

We traced the Agency's FY 2006-07 general ledger to the Agency's final close-out invoice for FY 2006-07. In addition, we reviewed a sample of expenditures incurred between January through June 2007.

**Results**

Aviva billed CSS \$1,607 in unallowable and unsupported program expenditures. Specifically, Aviva:

- Billed CSS \$987 in non-WIA related and unsupported expenditures.
- Billed CSS twice for repairs, gardening, maintenance and janitorial expenditures totaling \$619.

Subsequent to our review, Aviva provided additional documentation to support \$152 of the \$1,607 in unsupported expenditures. Similar findings were also noted during the prior year's monitoring review.

**Recommendation**

**11. Aviva management repay CSS \$1,455.**

**Refer to recommendation #5.**

**PRIOR YEAR FOLLOW-UP****Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

**Verification**

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on July 30, 2007.

**Results**

The prior year's monitoring report contained nine recommendations. Aviva implemented three recommendations. As previously indicated, the findings related to recommendations 4, 6 and 7 contained in this report were also noted during our prior year's monitoring review. The remaining three recommendations required Aviva to repay CSS \$3,258 for unsupported and/or unallowable expenditures. Aviva

management indicated that the Agency will implement the outstanding recommendations by June 30, 2008.

**Recommendations****Aviva management:**

- 12. Immediately repay CSS \$3,258.**
- 13. Implement the outstanding recommendations from the prior year's monitoring report.**



# Aviva Family and Children's Services

*Incorporated as Hamburger Home, Founded 1915*

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Hon. Zev Yaroslavsky

## Cash/Revenue

## Results

Aviva needs to improve their bank reconciliation process. Specifically:

- Aviva did not complete the bank reconciliation within 30 days of the bank statement date as required by the County contract.
- Aviva's bank reconciliation also was not reviewed or signed by the preparer and reviewer as required by the County contract.
- Aviva did not always place stop payments on outstanding checks older than 90 days as required by the Agency's policy. Specifically, Aviva did not place a stop payment for 30 outstanding checks older than 90 days, ten of which were WIA related totaling \$400. A similar finding was also noted on the prior year's monitoring report.

**Executive Staff**  
Toni Beenal  
**Chief Financial Officer**

Im Kruskol, LCSW  
**Vice President**  
**Community Services**

Roni Mayhan, LMFT  
**Vice President**  
**Residential Programs**

Angela Miller  
**Vice President**  
**Administrative Services**

Judi Rusc, MA  
**Director of Development**



April 22, 2008

Wendy L. Watanabe, Acting, Auditor-Controller  
County of Los Angeles Department  
Of Auditor-Controller  
Countywide Contract Monitoring Division  
1000 S. Fremont Avenue, Suite #51  
Alhambra, CA 91803

Attention: Yoon Bae

RE: Aviva Family and Children's Services Contract - Workforce  
Investment Act Programs

We have received your results from the review that you conducted on our  
Workforce Investment Act (WIA) FY 2007-08 contract.

I would like to respond to your findings.

The items and responses are as follows:



Recommendations

Aviva management:

1. Ensure that the bank reconciliations are completed within 30 days of the bank statement date.
2. Ensure that the bank reconciliations are reviewed and signed by the preparer and review.
3. Place stop payments on outstanding checks older than 90 days and return funds to the appropriate funding sources.

Response

1 and 2) During the 2007 year we converted to a new accounting system which put us slightly behind our normal schedule. On a going forward basis, we will ensure that bank reconciliation is done on a timelier basis, signed by the preparer and reviewer.

3) The checks were for participants of the program, prepared ahead of disbursement times. We have changed our policy and we will no longer have this happen.

Expenditures/Procurement

Results

Aviva billed CSS twice for repairs, maintenance and janitorial expenditures totaling \$1,184 for July through December 2007. Aviva also over billed CSS \$126 in unsupported and unallowable prior year's program expenditures. Similar findings were also noted on the prior year's monitoring report.

In addition, Aviva inappropriately charged office supplies expenditures as supportive services and vice versa.

Recommendations

Aviva management:

4. Repay CSS \$1,310.
5. Bill CSS for actual expenditures once and ensure that adequate documentation is maintained to support the program expenditures.
6. Ensure that expenditures charged to the WIA program are for costs incurred during the contract period.

7. Ensure that expenditures are accurately charged to the correct budgeted cost category.

Response

The accounting department at Aviva had a turn over in the staff handling the billing and in turn the new staff inadvertently billed, coded and crossed periods of expenditures for the program.

4-7) The \$1,184 of duplicated expenses are for expenses previously included in rent. However, we are submitting a budget modification to CSS and removing the additional expenses out of rent so we are allowed to charge these items individually. We will pay CSS the \$1,310.

**Expenditures/Procurement**

Results

Generally, Aviva maintained sufficient internal controls over its business operations. However, Aviva did not always comply with WIA and County contract requirements. Specifically:

- Aviva did not obtain crime coverage insurance.
- Aviva's accounting manual did not address policies and procedures on Auditing and Reconciliations.

Recommendations

Aviva management:

8. Ensure that the Agency's accounting manual is in compliance with regulatory guidelines and distributed to personnel.

Response

8) We will revise our accounting manual to include policies and procedures regarding auditing and reconciliations. and distribute to personnel.

**Payroll and Personnel**

Results

Generally, Aviva appropriately charged payroll expenditures to the WIA program. However, Aviva over billed CSS \$390 in unsupported payroll expenditures in November 2007. Specifically, Aviva billed CSS for one non-WIA employee and the timecard for another employee did not support the payroll expenditures billed CSS.

Recommendations

Aviva management:

9. Repay CSS \$390.

10. Bill CSS for actual WIA program related expenditures.

Response

9) and 10) During the specified payroll period, during the calculation of the timesheets, it was mistakenly charged to the WIA program. We will reimburse CSS for the \$390 over billed. This was a clerical oversight.

**Close-Out Report**

Results

Aviva over billed CSS \$1,607 in unallowable and unsupported program expenditures. Specifically, Aviva:

- Over billed CSS \$987 in non-WIA related and/or unsupported expenditures.
- Billed CSS twice for repairs, gardening, maintenance and janitorial expenditures totaling \$619.

Similar findings were also noted during this year's and prior year's monitoring review. Subsequent to our review, Aviva provided additional documentation to support \$152 of the \$1,607 unsupported and unallowable expenditures.

Recommendation

11. Aviva management repay CSS \$1,455.

Response

11) During the year some items were mistakenly billed to the WIA program that were for other programs that the agency has. As mentioned earlier, we have strengthened this procedure. The \$619 in billing twice as mentioned in 5-8a, will be allowable once the budget modification is approved from CSS.

**Prior Year Follow-Up**

Results

The prior year's monitoring report contained nine recommendations. Aviva implemented three recommendations. As previously indicated, the findings related to recommendations 4, 6 and 7 contained in this report were also noted during our prior year's monitoring review. The remaining three recommendations required Aviva to repay CSS \$3,258 for unsupported and/or unallowable expenditures. Aviva management indicated that the Agency will implement the outstanding recommendations by June 30, 2008.

Recommendations

Aviva management:

12. Immediately repay CSS \$3,258.

13. Implement the outstanding recommendations from the prior year's monitoring report.

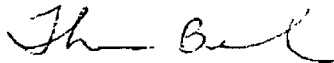
Response

12) Aviva was under the impression that CSS would deduct the payback amount from current year's billing. Aviva will implement the changes indicated in the prior year's report and repay CSS \$3,258 which resulted from prior years findings.

13) We will adhere to the recommendations by the end of this contract year. Please see our response to items 4, 6, and 7.

Thank you for the opportunity to address these issues, and correct them as we continue to service this contract. We will reimburse CSS for the total of \$6,313 for both 06/07 and 07/08 contract years, knowing that a potential of \$1,803 can be allowable with a budget modification.

Sincerely,



Thomas Bernal  
Chief Financial Officer

CC: Andrew Diamond, LCSW  
President/CEO